

MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS OF
THE DEPARTMENT OF WATERWORKS

DATE: December 16, 2004

CALLED TO ORDER: 5:33 p.m.

MEETING ADJOURNED: 6:30 p.m.

ATTENDANCE

PRESENT MEMBERS

Beulah Coughenour, Chairperson
Barbara Howard
Dan DeMars
Sam Odle
Carmen Hansen Rivera

AGENDA

1. Approval of the Minutes of the Meeting of November 18, 2004-Beulah Coughenour, Chairperson.
2. Approval of the Meeting Memorandum of an Executive Session of November 18, 2004-Beulah Coughenour, Chairperson
3. Financial Report- Robert Erney, Financial Manager.
4. Report of Veolia Water Indianapolis LLC- David Gadis, Vice President of Operations.
5. Report of Director of Contracts and Operations-Carlton E. Curry, Director of Contracts and Operations.
6. Resolution No. 43, 2004- Resolution Approving of an Additional Appropriation of Character 4 Funds of the 2004 Budget- Robert Erney, Financial Manager.
7. Resolution No. 44, 2004- Approval of Capital Projects (2004)- Carlton E. Curry, Director of Contracts and Operations.
8. Resolution No. 45, 2004- Approval of Capital Projects (2005)-Carlton E. Curry, Director of Contracts and Operations.

9. Resolution No. 46, 2004- Approval of Bids for Department Capital Projects and Department Construction Projects- Robert Erney, Financial Manager.
10. Resolution No. 47, 2004- Approval of 2005 Consultant Contracts- Carlton E. Curry, Director of Contracts and Operations, Robert Erney, Financial Manager and Andrew I. Klineman, General Counsel.
11. Resolution No. 48, 2004- Approval of Amendment to Consultant Contract- Robert Erney, Financial Manager.
12. Other Business
 - a. Other Board Business
 - b. Public Comment

MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS OF
THE DEPARTMENT OF WATERWORKS

The meeting of the Board of Directors (the "Board") of the Department of Waterworks (the "Department") met on Thursday, December 16, 2004. Chairwoman Beulah Coughenour called the meeting to order at 5:33 p.m. with the following members present: Carmen Hansen Rivera, Barbara Howard, Dan DeMars, and Sam Odle.

Approval of the Minutes of the Meeting of November 18, 2004
Beulah Coughenour, Chairperson

Mr. Odle moved, seconded by Ms. Hansen Rivera, to approve the minutes of the meeting of November 18, 2004. The motion carried by a vote of 5 to 0. The minutes are attached as Exhibit A.

Approval of the Meeting Memorandum of an Executive Session of November 18, 2004
Beulah Coughenour, Chairperson

Ms. Howard moved, seconded by Mr. DeMars, to approve the meeting memorandum of the executive session held November 18, 2004. The motion carried by a vote of 5 to 0. The meeting memorandum is attached as Exhibit B.

Financial Report
Robert Erney, Financial Manager

The Board was given a copy of Mr. Erney's financial report attached hereto as Exhibit C and incorporated herein by reference (the "Financial Report"). Mr. Erney referred to Page 1 of the Financial Report and pointed out that this report is for November 2004. Mr. Erney noted: in November 2004, the Department took in just under \$10.3 million; Year-to-date the Department's receipts were \$103.5 million; and Capital disbursements of approximately \$3.2 million for the month of November.

Mr. Odle asked if Mr. Erney anticipates that the Department will receive other property tax refunds. Mr. Erney replied that there are six properties on the refund list that he has received.

Mr. Erney referred to Page 2 of the Financial Report and said that the cash flow for November 2004 is down slightly from October 2004. Page 4 of the Financial Report evidences increased pumpage for the month of November 2004. Page 5 of the Financial Report shows the 2004 capital budget from cash flow. Page 6 of the Financial Report is the 2004 bond capital budget. Pages 7 and 8 of the Financial Report evidence the 2004A bond projects. Page 9 of the Financial Report shows the legal, financial, and other consulting services projects.

Mr. Odle asked if there will need to be any year-end adjustments. Mr. Erney replied that there will be certain adjustments such as accruals depending when the Department receives funds. Mr.

Odle asked if Mr. Erney could create a graph to show what the cost for gallons of water pumped to see how it fluctuates. Mr. Erney replied he would attempt to provide that information.

*Report of Veolia Water Indianapolis LLC
David Gadis, Vice President of Operations*

The Board was given a copy of Mr. Gadis' report attached hereto as Exhibit D and incorporated herein by reference (the "Veolia Report").

Mr. Gadis read the executive summary from the Veolia Report to the Board.

Mr. Odle pointed out that he noticed that there were more leaks in November 2004 than in November 2003. He asked if this is being rectified. Mr. Gadis replied in the affirmative. He added that Veolia is doing a better job that has been done in the past.

Mr. Odle asked if Eagle Creek is fully recharged. Mr. Gadis replied in the affirmative.

*Report of Director of Contracts and Operations
Carlton E. Curry, Director of Contracts and Operations*

Mr. Curry submitted to the Board a copy of the Director's report attached hereto as Exhibit E and incorporated herein by reference (the "December 2004 Director's Report").

Mr. Curry read the December 2004 Director's Report to the Board.

Ms. Coughenour asked if Indianapolis Water installs the relay tower noted in the December 2004 Director's Report. Mr. Curry replied in the negative. Ms. Coughenour asked where the tower will be located. Mr. Curry responded that the location will be near Eagle Creek.

Mr. Odle asked if it is feasible to pump water from Indianapolis Water to the Town of Darlington. Mr. Curry replied in the negative and added that the Department does not have sufficient funds to do this and that no revenues would be generated from such a main extension as it would traverse other water utility territory with customers served by other water utilities.

*Resolution No. 43, 2004 - Resolution Approving of an Additional Appropriation of Character 4
Funds of the 2004 Budget
Robert Erney, Financial Manager*

Mr. Erney stated that Resolution No. 43, 2004 is for interest earnings off the 2004 bond issuance that will occur in March 2005.

Mr. Odle moved, seconded by Ms. Hansen Rivera, to approved Resolution No. 43, 2004. The motion carried by a vote of 5 to 0.

*Resolution No. 44, 2004 - Approval of Capital Projects (2004)
Carlton E. Curry, Director of Contracts and Operations*

Mr. Curry explained that Resolution No. 44, 2004 is a year end clean-up. He said that there are nine projects that have adjustments up and down.

Mr. Odle moved, seconded by Ms. Hansen Rivera, to approved Resolution No. 44, 2004. The motion carried by a vote of 5 to 0.

Resolution No. 45, 2004 - Approval of Capital Projects (2005)
Carlton E. Curry, Director of Contracts and Operations

Mr. Curry pointed out that Resolution No. 45, 2004 are for three capital projects. The first is the Lafayette District Booster Station in the amount of \$900,000. The second is the underground infrastructure laydown valves in the amount of \$6,670,000. The third is for underground infrastructure easements in the amount of \$4,300,000.

Ms. Howard moved, seconded by Ms. Hansen Rivera, to approve Resolution No. 45, 2004. The motion carried by a vote of 5 to 0.

Resolution No. 46, 2004 - Approval of Bids for Department Capital Projects and Department Construction Projects
Robert Erney, Financial Manager

Mr. Erney stated that Resolution No. 46, 2004 is for the purchase of a semi-tractor in the amount of \$81,450. Resolution No. 46, 2004 would also authorize the acceptance of construction bids related to the Cooper Road Reinforcement Main capital project in the amount of \$483,820. The resolution would also authorize the acceptance of construction bids related to the New Palestine Tank capital project in the amount of \$1.6 million. He asked for the Board's approval of the resolution.

Mr. Odle moved, seconded by Mr. DeMars, to approve Resolution No. 46, 2004. The motion carried by a vote of 5 to 0.

Resolution No. 47, 2004 - Approval of 2005 Consultant Contracts
Carlton E. Curry, Director of Contracts and Operations
Robert Erney, Financial Manager
Andrew I. Klineman, General Counsel

Mr. Erney explained that Goldwest LLC put forth a contract request for \$94,000. This will include rate case coordination efforts and ongoing capital review for 2005. Mr. Birch from Goldwest LLC will be coordinating a future rate case to assure that Indianapolis Water is compliant with all applicable statutes and regulations and Indiana Utility Regulatory Commission procedures. CMT Engineering will also be participating in the rate case process. Their total contract is for \$97,900. Mr. Erney asked for the Board's favorable consideration.

Mr. Curry spoke on the Malcolm Pirnie, DLZ, and Shrewsberry & Associates contracts. He said that the Malcolm Pirnie and DLZ contracts are essentially the same in scope as their 2004

contracts. The specific differences between the consultants are as follows: Malcolm Pirnie will consult on Department strategic planning, the Regional Water Authority Study and would be able to assist in long range planning under their 2005 work scope should the need arise; DLZ is used for construction oversight related to the Department's capital program and verification of Veolia capital construction activities; and Shrewsbury and Associates will be responsible for wellfield issues in addition to consulting on water quality issues. Mr. Curry asked for approval of the resolution.

Ms. Hansen Rivera asked if the contracts are renewable on an annual or are they contracted out each year. Mr. Curry replied that the contracts are not bid out.

Mr. DeMars asked if the companies present technical data to the Department before they are awarded a contract. Mr. Curry responded that the Department asks certain companies to give proposals to them and additionally receives without solicitation proposal from consultants.

Ms. Howard moved, seconded by Mr. Odle, to approve Resolution No. 47, 2004. The motion carried by a vote of 5 to 0.

Resolution No. 48, 2004 - Approval of Amendment to Consultant Contract
Robert Erney, Financial Manager

Mr. Erney stated that Resolution No. 48, 2004 requests the Board's approval of an increase for the Shrewsbury & Associates contract for 2004 from \$270,000 to \$290,000. He asked for the approval of the resolution.

Mr. Odle asked what other type of work Shrewsbury & Associates will be doing for the Department. Mr. Curry replied that there are times when water quality issues related to the wellfields, particularly in Fall Creek, are raised and Shrewsbury will help monitor those situations. This will assure that the Department is compliant with applicable statutes and regulations.

Ms. Howard moved seconded by Mr. Odle, to approve Resolution No. 48, 2004. The motion carried by a vote of 5 to 0.

Other Business
Other Board Business

None.

Public Comment

The Chair recognized Mr. Glenn Pratt. Mr. Pratt noted that he is concerned with citizens that do not pay their water bills and getting their water shut off. He said that this is a health concern. He is also concerned about the City of Indianapolis' Combined Sewer Overflow (CSO) Program. Mr. Pratt noted that there is a proposed federal grant that would address Watershed protection efforts.

CONCLUSION

With no further business pending, the Board of Directors of The Department of Waterworks meeting adjourned at 6:30 p.m.

Barbara Howard, Vice Chairperson

Attest:

S. Michael Hudson,
Secretary-Treasurer